balance of its claim. The defendants insisted that they were entitled to credit for the amount of the moneys collected on the collaterals which now considerably exceeded the sum sued for. This action came on for trial before the same judge, Rose, J., who adhered to his former decision and gave judgment for $50,000, interest and costs. On appeal to the Divisional Court, this judgment was reversed, and the action ordered to be dismissed with costs. On appeal, the Court of Appeal, (1896) 23 A.R. 146, reversed the decision of the Divisional Court and restored the judgment of the trial judge; two of the judges, Hagarty, C.J., and Burton, J.A., holding that the Bank was entitled to judgment for the full amount sued for, and was not bound to appropriate the moneys collected to that particular portion of the debt. The plaintiffs then appealed to the Supreme Court which reversed the decision of the Court of Appeal (1896) 26 S.C.R. 611, and in effect held that if a merchant obtains from a bank a line of credit on terms of depositing his customers' notes as collateral security, the bank is not obliged, so long as the paper so deposited remains uncollected to give any credit in respect of it, but when any portion of the collaterals is paid it operates at once as payment of the merchant's debt and must be credited to him. The Bank then appealed by special leave to the Judicial Committee of the Privy Council. The judgment will be found in the appendix to 26 A.R.

571. The respondents were not represented on the appeal by counsel, but lodged a printed case. Lord Halsbury, L.C., at the conclusion of the argument delivered the judgment of the committee which affirmed the decision of the Supreme Court. In delivering his judgment Lord Halsbury said: "Really a very simple question becomes somewhat confused when one begins to enter into other questions of some supposed rights of sureties or principals, inter se. No such questions arise. The things which were handed over as securities for the debt were realized and turned into money, and when the creditor is suing his debtor for the amount of his indebtedness which exists at that time, the amount the creditor has received in money in respect of these matters, clearly, must be taken from the debt, because at that moment the debt has been to that extent paid as between these two persons and for that amount, and that amount only ought judgment to have been recovered."